

PURCHASE AND SALE AGREEMENT

Esquimalt Mixed Use Development Lands

THIS AGREEMENT is dated for reference April 26, 2016.

BETWEEN:

CORPORATION OF THE TOWNSHIP OF ESQUIMALT

1229 Esquimalt Road
Esquimalt, BC V9A 3P1

("Vendor")

AND:

ARAGON INVESTMENTS LTD.

201-1628 1st Ave West
Vancouver, BC V6J 1G1

("Purchaser")

In consideration of the covenants and agreements contained in this Agreement, the sum of \$10.00 now paid by the Purchaser to the Vendor, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties covenant and agree with each other as follows:

1. AGREEMENT

1.1 Purchase and Sale

In accordance with the terms and conditions of this Agreement, the Purchaser will purchase and the Vendor will sell the Lands, free and clear of all liens, charges and encumbrances, except the Permitted Encumbrances.

1.2 Definitions

In this Agreement:

- (a) "Affiliate" means a corporation that is affiliated with another corporation, as defined in the *Business Corporations Act* of British Columbia;
- (b) "Business Day" means Monday to Friday inclusive of each week, excluding any day which is a statutory holiday in British Columbia and any day when the LTO is closed for business;
- (c) "Closing Date" means the date that is 60 Business Days after the date all Purchaser's Conditions have been waived in writing by the Purchaser under section 4.1 and the Vendor under section 4.2, or an earlier date if the parties by amending this Agreement have agreed in writing to an earlier closing date;

- (d) **"Contaminants"** means any pollutants, contaminants, deleterious substances, underground or above-ground tanks, lead, asbestos, asbestos-containing materials, hazardous, corrosive, or toxic substances, special waste, waste polychlorinated biphenyls ("PCBs"), PCB-containing equipment or materials, pesticides, defoliants or any other solid, liquid, gas, vapour, odour, heat, sound, vibration, radiation, or combination of any of them, which is now or hereafter prohibited, controlled, or regulated under Environmental Laws;
- (e) **"Development Concept"** means the proposed plan for the development of the Lands, as shown in preliminary draft form in Schedule C;
- (f) **"Deposit"** has the meaning ascribed to it in Section 2.2(a);
- (g) **"Environmental Laws"** means any statutes, laws, regulations, orders, bylaws, standards, guidelines, protocols, permits, and other lawful requirements of any governmental authority having jurisdiction over the Leased Premises now or hereafter in force relating in any way to the environment, environmental assessment, health, occupational health and safety, or transportation of dangerous goods, including the principles of common law and equity;
- (h) **"Lands"** means, collectively, those lands and premises set out in Schedule A;
- (i) **"Library"** means a built space to be used for a public library branch of the Greater Victoria Public Library, located in a strata lot in a building on the Lands;
- (j) **"LTO"** means the Land Title Office;
- (k) **"MOU"** means the non-binding Memorandum of Understanding Regarding the Acquisition and Development of the Mixed Use Development Site in the Esquimalt Town Centre entered into the 11th day of March, 2016 between the Vendor and Purchaser;
- (l) **"Official Community Plan Amendment"** means an amendment to the Township of Esquimalt Official Community Plan to enable the Township of Esquimalt Council to adopt the Zoning Bylaw Amendment;
- (m) **"Parking Agreement"** means an agreement between the Vendor and Purchaser governing the allocation, use, occupation, operation, maintenance, repairs and cost sharing of parking stalls on the Lands;
- (n) **"Parking Expansion Agreement"** means an agreement between the Vendor and Purchaser governing the construction by the Purchaser of underground parking and ancillary works in the Parking Expansion Area;
- (o) **"Parking Expansion Area"** means a vacant portion of the parcel of land on which the Vendor's Town Hall is located, as shown on Schedule D, and more fully described in the Parking Expansion Agreement;

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- (p) **"Permitted Encumbrances"** means and includes the liens, charges and encumbrances listed or referred to in Schedule B, provided that no Permitted Encumbrance shall be inconsistent with or constrain the Development Concept described in Schedule C;
- (q) **"Phased Development Agreement"** means the agreement under sections 515 through 522 of the *Local Government Act* to implement the Township of Esquimalt's requirements that are set out in the MOU, which requirements are set out in Schedule E;
- (r) **"Public Spaces Operating Agreement"** means an agreement between the Vendor and Purchaser governing public access, operation, maintenance, repair and cost sharing for the public spaces and public access routes developed on the Lands;
- (s) **"Purchaser's Condition"** has the meaning ascribed to it in Section 4.1;
- (t) **"Purchase Price"** has the meaning ascribed to it in Section 2.1;
- (u) **"Purchaser's Solicitors"** means Baillie Law Corporation;
- (v) **"Sales Taxes"** means Goods and Services Tax, Harmonized Sales Tax, value added Tax or similar and other such taxes;
- (w) **"Vendor's Condition"** has the meaning ascribed to it in Section 4.2;
- (x) **"Vendor's Solicitors"** means Lidstone & Company; and
- (y) **"Zoning Bylaw Amendment"** means an amendment as to the Township of Esquimalt Zoning Bylaw that implements and realizes the Development Concept and that is not inconsistent with the Official Community Plan Amendment.

2. PRICE, DEPOSIT AND PAYMENT

2.1 Purchase Price

Subject to section 2.3, the consideration for the Lands will be the sum of \$4,300,000 (the **"Purchase Price"**), exclusive of Sales Taxes.

2.2 Payment of Purchase Price

The Purchaser will pay the Purchase Price and other consideration for the Lands as follows:

- (a) \$250,000.00 (the **"Deposit"**) will be paid by the Purchaser to the Purchaser's Solicitors, in trust, on the date of execution and delivery of this Agreement; and
- (b) the balance of the Purchase Price, subject to adjustments (the **"Closing Payment"**), will be paid at the direction of the Vendor on the Closing Date as provided in section 6.

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2.3 Modification of Purchase Price

Despite the amount of the consideration for the Lands set out in section 2.1,

- (a) if the final Development Concept authorized by the Zoning Bylaw Amendment contains more than 135,000 gross square feet as defined by Township of Esquimalt's Bylaws, then the Purchase Price will be increased by \$40.00 for each square foot of additional floor area, except any additional floor area for the Library;
- (b) if the final Development Concept includes the Parking Expansion Area, the Purchase Price will be decreased by \$40,000.00 for each underground parking stall and \$10,000.00 for each surface parking stall, over and above the eight existing surface parking stalls, leased to the Vendor.

2.4 Deposit

The Deposit will be held in trust by the Purchaser's Solicitors at an accredited financial institution. Interest, if any, earned on the Deposit, will be for the credit of the Purchaser, except as otherwise stated in this Agreement. The Deposit will be dealt with as follows:

- (a) the Deposit, together with any interest earned thereon, will be returned to the Purchaser if the Purchaser's Conditions set out in Section 4.1 are not satisfied or waived within the time set out in that section;
- (b) the Deposit, together with any interest earned thereon, will be paid to the Vendor if the Vendor's Conditions set out in section 4.2 are not waived within the time set out in that section and where satisfaction of such conditions is solely within the control of the Purchaser;
- (c) the Deposit will be credited on account of the Purchase Price on the Closing Date and any interest earned thereon, will be paid to the Purchaser;
- (d) if the Vendor is not in default under this Agreement and the Purchaser fails to complete the purchase in accordance with this Agreement or if the Purchaser repudiates this Agreement, then, at the Vendor's option and on written notice to the Purchaser, the Vendor may cancel this Agreement and the Deposit will be forfeited to the Vendor without prejudice to any other rights the Vendor may have in respect of such failure or repudiation by the Purchaser; or
- (e) if the Purchaser is not in default under this Agreement and the Vendor fails to complete the sale in accordance with this Agreement or if the Vendor repudiates this Agreement, then the Deposit, with interest accrued thereon, if any, will be refunded to the Purchaser upon demand, without prejudice to any other rights the Purchaser may have in respect of such failure or repudiation by the Vendor.

2.5 Authorization to Purchaser's Solicitors

The Vendor and Purchaser hereby irrevocably authorize and direct the Purchaser's Solicitors to hold and pay the Deposit as set out in this Agreement without further notice to, or the consent of, the parties

hereto. The Vendor and Purchaser will indemnify and hold harmless the Purchaser's Solicitors for all good faith acts done in furtherance of the foregoing authorization and direction.

3. ACCESS, INFORMATION AND REPRESENTATION

3.1 Access

The Purchaser and its authorized representatives, consultants and agents will, upon reasonable prior notice, be given reasonable access to the Lands and may, acting reasonably, carry out such tests, inspections and surveys as the Purchaser may consider appropriate for the purposes of this Agreement. The Purchaser will repair any damage to the Lands arising from such entry and use reasonable efforts to restore the Lands to the condition in which they existed prior to such entry and will indemnify and hold the Vendor harmless from any and all liabilities, actions, costs, damages and liens (including builders' liens) arising from the entry of the Purchaser or its representatives, consultants and agents on the Lands pursuant hereto.

3.2 Authorizations

The Vendor will, at the Purchaser's request, promptly execute and deliver any authorizations reasonably required by the Purchaser to permit statutory or governmental authorities to release information to the Purchaser concerning the Lands or title thereto.

3.3 Representations of the Vendor

The Vendor represents and warrants to the Purchaser that the Vendor has full and sufficient authority to convey legal title and beneficial ownership of the Lands to the Purchaser in accordance with this Agreement.

4. CONDITIONS

4.1 Purchaser's Conditions

The Purchaser's obligation to purchase the Lands is subject to delivery of written waiver by the Purchaser to the Vendor of the following conditions (the "Purchaser's Conditions") on or before September 18, 2016:

- (a) the Official Community Plan Amendment is adopted by the Township of Esquimalt Council;
- (b) the Zoning Bylaw Amendment is adopted by the Township of Esquimalt Council;
- (c) if a development permit is required for the development contemplated by the Development Concept, the issuance of a development permit by the Township of Esquimalt Council;
- (d) satisfaction of the Purchaser with the disposition by the Vendor of any Contaminants on the Lands, including by way of a British Columbia certificate of compliance, an approved remediation plan respecting Contaminants on the Lands, or a report respecting the Contaminants on the Lands. All costs relating to removal of Contaminants on the Lands shall be the responsibility of the Vendor, subject to a future express written agreement between the Vendor and Purchaser

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respecting removal to be undertaken by the Vendor in relation to the development of the Lands;

- (e) at the Vendor's costs, the removal from the Lands, or arrangements for removal from the Lands, of improvements required by the Purchaser to be removed, other than the sanitary line that connects the Vendor's Municipal Hall with services located on Carlyle Avenue, in accordance with approval by the Vendor of the Development Concept under section 4.2(e), subject to any terms or conditions set out in this Agreement or further to this Agreement respecting removal of improvements from the Lands;
- (f) confirmation to the Purchaser's reasonable satisfaction that the Purchaser is not obligated to repair roadways other than sidewalks adjacent to the Lands except to the extent necessary to repair damage during construction of improvements on the Lands and of associated works and services;
- (g) the execution and delivery of the Library Construction Contract;
- (h) the completion of reasonable due diligence investigations by the Purchaser.

The Purchaser's Conditions are for the sole benefit of the Purchaser and must be waived in writing on or before the date specified above, failing which, this Agreement will be terminated. In consideration of the sum of \$10.00, the receipt and sufficiency of which is hereby acknowledged by the Vendor, the Vendor hereby agrees not to terminate this Agreement during the period for waiver of the Purchaser's Conditions.

4.2 Vendor's Conditions

The Vendor's obligation to sell the Lands is subject to delivery of written waiver by the Vendor to the Purchaser of the following conditions (the "Vendor's Conditions") on or before September 18, 2016:

- (a) the execution and delivery of the Library Construction Contract;
- (b) the execution and delivery of the Parking Agreement;
- (c) the execution and delivery of the Public Spaces Operating Agreement;
- (d) the execution and delivery of the Phased Development Agreement;
- (e) approval by Vendor of the Development Concept, including without limitation the plans for site features as shown in the preliminary concept in Schedule C;
- (f) approval by the Vendor of the final design for the Library;
- (g) approval by the Vendor of the form of tenure for its ownership of the Library;
- (h) approval by the Vendor of the Library's estimated pro rata share of operating costs.

The Vendor's Conditions are for the sole benefit of the Vendor and must be waived in writing on or before the date specified above, failing which, this Agreement will be terminated. In consideration of the sum of \$10.00, the receipt and sufficiency of which is hereby acknowledged by the Purchaser, the

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Purchaser hereby agrees not to terminate this Agreement during the period for waiver of the Vendor's Conditions.

5. PURCHASER'S DEVELOPMENT

5.1 Vendor's Approvals and Cooperation.

The Vendor, acting reasonably and in its capacity as land owner, and not in respect of Township of Esquimalt in its capacity as local government, will execute all applications, consents or forms for approval or licenses and permits as may reasonably be requested by the Purchaser as part of its permit applications to develop the Lands. All associated costs, risks and liabilities will be borne by the Purchaser and the Vendor will not incur and will not be obliged to incur any costs, risks, or liabilities with respect thereto.

6. CLOSING DATE AND PROCEDURE

6.1 Closing Date

The date for completion of the purchase of the Lands will be the Closing Date.

6.2 Vendor's Closing Documents

On or before the Closing Date, the Vendor will deliver to the Purchaser's Solicitors, properly executed and in registrable form where applicable, the following documents:

- (a) Form A – freehold transfer (the “Transfer”), transferring title of the Lands to the Purchaser, free and clear of all liens, charges, claims and encumbrances, save and except the Permitted Encumbrances;
- (b) a statement of adjustments for the purchase and sale of the Lands (the “Statement of Adjustments”);
- (c) discharges in registrable form of all liens, charges, claims and encumbrances not constituting Permitted Encumbrances against the Lands or undertakings from the Vendor's Solicitors, satisfactory to the Purchaser's Solicitors, acting reasonably, to discharge such liens, charges, claims and encumbrances within a reasonable time after the Closing Date; and
- (d) such further and other documents as the Purchaser's Solicitors, acting reasonably, may require.

6.3 Purchaser's Closing Documents

On or before the Closing Date, the Purchaser will duly execute and deliver to the Vendor's Solicitors the following:

- (a) a certificate satisfactory to the Vendor's Solicitors, acting reasonably, and sufficient to relieve the Vendor from any obligation to collect and remit any Sales Taxes with respect to the sale of the Lands to the Purchaser and an indemnity of the Vendor in respect thereof;

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- (b) the Statement of Adjustments; and
- (c) such further and other documents as the Vendor's Solicitors, acting reasonably, may require;

and the Purchaser will deliver to the Purchaser's Solicitors by wire transfer, bank draft or certified trust account cheque drawn on a Canadian chartered bank in British Columbia payable to the Purchaser's Solicitors, in trust, in an amount equal to the Closing Payment (as adjusted in accordance with the Statement of Adjustments).

6.4 Registration

Following receipt by the Purchaser's Solicitors of the funds referred to in Section 6.3 and of the documents and items referred to in section 6.2 and receipt by the Vendor's Solicitors of the documents referred to in Section 6.3, the Purchaser will cause the Purchaser's Solicitors to submit the Transfer for registration in the LTO, concurrently with any security documents applicable to any mortgage financing arranged by the Purchaser in connection with the purchase of the Lands. If there is Purchaser's mortgage financing, the Purchaser's Solicitors will not submit the Transfer for registration in the LTO until the Purchaser's Solicitors have received confirmation from the solicitors for the Purchaser's mortgagee that, to the best of their knowledge, all conditions for funding have been met except for depositing the security documents for registration and verification that they will constitute charges on the Lands in the ordinary course of completion of that registration (subject only to the Permitted Encumbrances, any charges or encumbrances created by the Purchaser and any charges or encumbrances to be discharged by the Vendor's Solicitors on appropriate undertakings). The Purchaser's Solicitors will undertake to the Vendor's Solicitors that if the Purchase Price is not paid to the Vendor on the Closing Date, they will, upon the written request of the Vendor's Solicitors, forthwith cause the application for registration of the Transfer to be withdrawn and cancelled and will forthwith cause the solicitors for the Purchaser's mortgagee to do the same with respect to the security documents and any other filings made by them with respect to the Lands.

6.5 Closing Procedure

Forthwith following the filings referred to in Section 6.4 and upon the Purchaser's Solicitors, acting reasonably, being satisfied as to the title to the Lands, after conducting a post-submission LTO search of the Lands disclosing only the following:

- (a) the Permitted Encumbrances;
- (b) pending number(s) assigned to the Transfer;
- (c) pending numbers assigned to any security documents applicable to any mortgage financing arranged by the Purchaser in connection with the purchase of the Lands; and
- (d) any other charges and encumbrances approved by the Purchaser;

the Purchaser will cause the Purchaser's Solicitors, forthwith upon receipt by them of the proceeds of any mortgage financing arranged by the Purchaser in connection with the purchase of the Lands, to deliver to the Vendor's Solicitors by wire transfer, bank draft or a certified trust cheque drawn on a Canadian chartered bank, an amount equal to the balance due to the Vendor (evidenced by the Statement of Adjustments).

6.6 Purchaser's Obligation to Pay

Despite the closing procedures referred to above, as between the Vendor and the Purchaser, it remains the Purchaser's obligation to pay the Purchase Price (adjusted in accordance with the Statement of Adjustments) to the Vendor on the Closing Date, regardless of whether the Purchaser's Solicitors receive all or any proceeds of any financing, and the failure of the Purchaser to pay the Purchase Price to the Vendor on a Closing Date will constitute a default by the Purchaser under this Agreement.

6.7 Completion of Closing

Registration of all the requisite documents in the LTO on the Closing Date and all matters of payment and delivery of documents by each party to the other in respect of the Closing Date will be deemed to be concurrent requirements of closing.

7. DOCUMENTS, COSTS AND TAXES

7.1 Registration Fees and Property Transfer Tax

The Purchaser will pay the Property Transfer Tax and fees for the registration of the Transfer and any other documents required by the Purchaser to be filed in the LTO in respect of the purchase and sale transaction contemplated by this Agreement.

7.2 Closing Documents

Unless otherwise agreed between the Vendor's Solicitors and the Purchaser's Solicitors, each acting reasonably, the Purchaser's Solicitors will prepare the documents required to be delivered by the parties for the purposes of closing, all of which documents will be delivered for execution at least 3 Business Days prior to the Closing Date and will be in form approved by the Purchaser's Solicitors and the Vendor's Solicitors, each acting reasonably.

7.3 Cost to Clear Title

The cost of obtaining and registering any documents required to clear title to the Lands of any liens, claims or encumbrances not constituting Permitted Encumbrances will be borne by the Vendor.

7.4 Sales Taxes

The Purchaser is responsible for all Sales Taxes in respect of the purchase and sale of the Lands contemplated herein and will be responsible to account for Sales Taxes in respect thereof in accordance with applicable legislation.

8. POSSESSION

8.1 Possession

The Purchaser will be entitled to vacant possession of the Lands on the Closing Date, immediately following payment of the Purchase Price.

9. ADJUSTMENTS

9.1 Adjustments

Property taxes and similar charges, if applicable, and all other matters relating to the Lands and customarily the subject of adjustment on the sale of comparable lands will be adjusted and pro-rated between the Vendor and the Purchaser as at the Closing Date and the Vendor will bear and pay all expenses and receive all income, if any, related to the Lands accrued in respect of any time prior to the Closing Date and the Purchaser will bear and pay all expenses related to the Lands which accrue in respect of any time from and including the Closing Date. If the Lands are exempt from property taxes and similar charges as of the Closing Date, the Purchaser must pay the Vendor an amount equal to the pro rata amount of property taxes and similar charges that would have been payable if the Lands were not exempt. This amount will be included in the Statement of Adjustments.

10. CONDITION OF LANDS

10.1 Condition of Lands

The Purchaser hereby acknowledges and agrees that after the Purchaser has waived the Purchaser's Condition set out in section 4.1(d):

- (a) the Purchaser is acquiring the Lands on an "as is and where is" basis with no representations or warranties as to its condition, environmentally, geotechnically or otherwise, or its suitability for the Purchaser's purposes; and
- (b) the Purchaser hereby waives any requirement for the Vendor to provide the Purchaser with a site profile under the *Environmental Management Act* (British Columbia).

10.2 No Liability and No Claims

The Purchaser covenants and agrees that after the Purchaser has waived the Purchaser's Condition set out in section 4.1(d), the Vendor shall have no liability whatsoever, other than the Vendor's obligations and liabilities pursuant to section 4.1 (d) and 4.1(e), and the Purchaser shall not make any claims against the Vendor in respect of any Contamination of the Lands (or any other lands owned by the Vendor) or which is due to or the result of any Hazardous Materials being located on the Lands or migrating to or from the Lands before the Closing Date provided that the Vendor fulfills its obligations pursuant to section 4.1(d) and 4.1 (e). For the purposes of this Section 10.2, "Hazardous Materials" means any underground storage tanks, any explosive or radioactive materials, pollutants, Contaminants, hazardous, corrosive or toxic substances, special waste or waste of any kind, including, without limitation, compounds known as chlorobiphenyls, petroleum and any other substance or material the storage, manufacture, disposal, treatment, generation, use, transportation, remediation or release into the environment of which is prohibited, controlled, regulated or licensed under environmental laws.

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11. RISK

11.1 Risk

The Lands will be at the risk of the Vendor up to the time of submission for registration of the Transfer in the LTO, and will be at the risk of the Purchaser thereafter.

12. MISCELLANEOUS

12.1 Tender

Any tender of documents or money may be made upon a party or upon its solicitors and money may be tendered by certified solicitor's cheque or bank draft drawn on a Canadian chartered bank.

12.2 Time of Essence

Time will be of the essence of this Agreement.

12.3 Business Days

In the event that any date established or stipulated herein for performance or for the expiry of a period of time falls upon a day which is not a Business Day, then such date will be deemed to be the next following Business Day.

12.4 Interpretation

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

12.5 Notices

Any notice to be given under this Agreement will be in writing and will be validly given if delivered, transmitted by facsimile or email or mailed in British Columbia by prepaid registered post to the parties as follows:

(a) To the Purchaser at:

Aragon Investments Ltd.
Attention: Lenny Moy
201-1628 1st Ave West
Vancouver, BC V6J 1G1
Telephone: 604-732-6170
E-mail: vancouver@aragon.ca

with copies to:

BAILLIE LAW CORPORATION
Barristers & Solicitors
Suite 1870 – One Bentall Centre
Vancouver, B.C. V7X 1M6

Attention: Thomas E. Baillie, Q.C.
Fax No. (604) 684-9997
Email: teb@baillielaw.com

(b) To the Vendor at:

Township of Esquimalt
Attention:
1229 Esquimalt Road
Esquimalt, BC V9A 3P1

Attention: Laurie Hurst

Telephone: 250-414-7133
E-mail: laurie.hurst@esquimalt.ca

with a copy to:

LIDSTONE & COMPANY
Barristers and Solicitors
Suite 1300 – Sun Tower
128 Pender Street West
Vancouver, B.C. V6B 1R8

Attention: Don Lidstone

Fax No. 604-899-2281
Email: lidstone@lidstone.info

or to such other address, email or facsimile number as a party may advise the other by written notice hereunder. Any notice addressed and provided as aforesaid will be deemed to have been given on the day of delivery or transmission by email or facsimile if a Business Day, and if not a Business Day, then on the next Business Day or if mailed, on the third Business Day following the posting thereof. Notices will not be mailed during the currency of a postal strike, dispute or slowdown, and during such time, notice will only be effective if emailed or transmitted (without a failure notice) or if delivered.

12.6 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the sale and purchase of the Lands and supersedes all prior agreements, negotiations and discussions, whether oral or written, of the Vendor and the Purchaser. There are no agreements, covenants, representations or warranties, express, implied, statutory, collateral or otherwise, save as set forth herein. References to the MOU in this Agreement are made solely for the purposes of referencing definitions therein.

12.7 Amendment in Writing

This Agreement will not be amended except in writing.

12.8 Survival

All representations and warranties, if any, of the Vendor or the Purchaser in this Agreement or in any document delivered in connection herewith will survive the closing of the sale and purchase of the Lands

for a period of one year from the Closing Date, after which they will be of no further force or effect except in respect of claims made by either party within such one year period.

12.9 Assignment

This Agreement is not assignable by the Purchaser without the prior written consent of the Vendor. For certainty, the Purchaser may direct the conveyance of Lands to one or more Affiliates of the Purchaser who will act as nominee(s) or bare trustee(s) for the Purchaser. No assignment of this Agreement or the appointment of a nominee or bare trustee will operate to release the Purchaser from any of its obligations under this Agreement.

12.10 Agency and Commission

The Purchaser warrants to the Vendor that the Purchaser has not utilized the services of any real estate agent or salesperson in connection with the purchase or sale of the Lands to whom any fees, commission or compensation would be payable by the Vendor. The Vendor will be solely responsible for any real estate commission payable to any real estate agent that the Vendor has engaged in respect of the sale of the Lands.

12.11 Confidentiality

- (a) The Purchaser will keep the financial terms hereof in strict confidence, except to the extent disclosure is required to be made to the Purchaser's lenders, consultants, agents and others having a need to know.
- (b) This Agreement, and the information it contains, may be the subject of an access to information request made to the Vendor under the *Freedom of Information and Protection of Privacy Act* and the Vendor and the Purchaser agree that the Vendor may be obliged by that enactment to disclose all or part of this Agreement and the information it contains and all or part of any information of the Purchaser supplied to the Vendor in connection with this Agreement, whether or not the Purchaser has expressly stipulated that the information in question is confidential for the purposes of that enactment.

12.12 Costs and Expenses

Each of the parties will bear their own costs, expenses and legal fees incurred or to be incurred in negotiating and preparing this Agreement and otherwise in connection with this transaction.

12.13 References

Wherever the singular or masculine is used in this Agreement, the same will be deemed to include references to the plural, feminine or body corporate or politic, as the context may require.

12.14 Governing Law

This Agreement will be governed by and construed in accordance with the laws of British Columbia and the Vendor and Purchaser hereby attorn to the jurisdiction of the courts of British Columbia.

12.15 Binding Effect

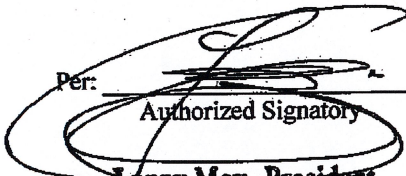
This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

12.16 Execution in Counterparts or by Facsimile

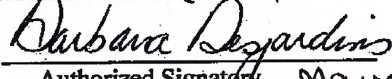
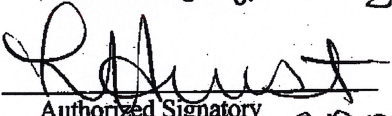
This Agreement may be executed and delivered in counterparts and by facsimile or electronic transmission.

IN WITNESS WHEREOF this Agreement has been executed and delivered.

ARAGON INVESTMENTS LTD.

Per: 
Authorized Signatory
Lenny Moy, President
Per: _____
Authorized Signatory

TOWNSHIP OF ESQUIMALT

Per: 
Authorized Signatory Mayor, Esquimalt
Per: 
Authorized Signatory CAO, Esquimalt

SCHEDULE A

LANDS

PID: 029-349-311

LOT 1, SECTION 11, SUBURBAN LOT 40, ESQUIMALT DISTRICT, PLAN EPP32782

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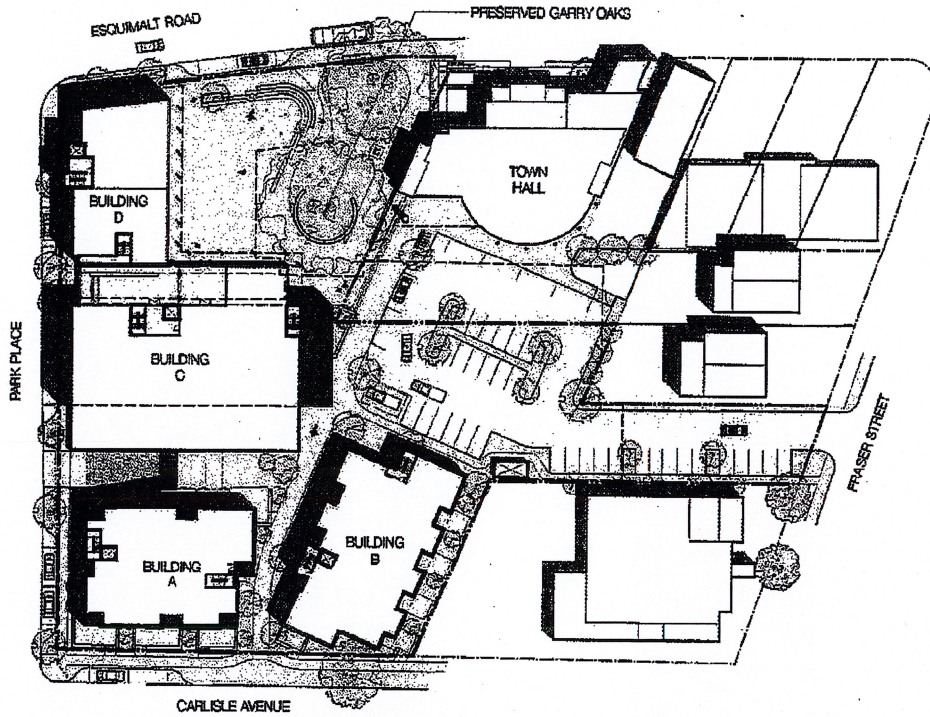
SCHEDULE B

PERMITTED ENCUMBRANCES

The encumbrances, rights, and exceptions, restrictions, provisos, conditions and reservations referred to in Section 23(2) of the *Land Title Act*. The Vendor will replace the existing blanket works easement with an easement that only covers the completed municipal works and services on the Lands and reasonable areas to access the municipal works and services and that provides public access to the Lands in respect of areas in the Development Concept that are intended for public access, egress or other public usage.

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SCHEDULE C
DEVELOPMENT CONCEPT



D'AMBROSIO ARCHITECTS + ASSOCIATES		date	April 21, 2016
2366 Jervis St. Suite 200 Vancouver, BC Canada V6Z 1P9	Esquimalt Town Centre	sheet title	CONCEPT PLAN
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Note the following floor areas shown are preliminary and subject to change.

DEVELOPMENT DATA - April 26, 2016

		USE	Floor area (sf) as of April 25	Floor area (sf) suggested range
Building A	L1	Residential	4929	4800 - 5500
	L2	Residential	5124	5000 - 5700
	L3	Residential	5124	5000 - 5700
	L4	Residential	5124	5000 - 5700
	L5	Residential	3626	3500 - 4200
	L6	Residential	3626	3500 - 4200
Total A			27553	26800 - 31000
Building B	L1	Residential	5567	5400 - 6200
	L2	Residential	5804	5700 - 6500
	L3	Residential	5804	5700 - 6500
	L4	Residential	5804	5700 - 6500
	L5	Residential	4341	4200 - 5000
	L6	Residential	4341	4200 - 5000
Total B			31661	30900 - 35700
Building C	L1	Library + Circulation	12584	11000 - 14000
	L1	Flexible/ Gallery Space	1334	1000 - 1500
	L2	Justice Institute/ Office	8840	8800 - 10000
	L3	Justice Institute/ Office	8840	8800 - 10000
	L4	Justice Institute/ Office	8840	8800 - 10000
	L5	Justice Institute/ Office	8840	8800 - 10000
Total C			49276	47200 - 55500
Building D	L1	GRU	4260	4000 - 5000
	L2	Residential	5160	5000 - 5600
	L3	Residential	5160	5000 - 5600
	L4	Residential	5160	5000 - 5600
	L5	Residential	5160	5000 - 5600
	L6	Residential	3743	5000 - 5600
Total D			28643	29000 - 33000

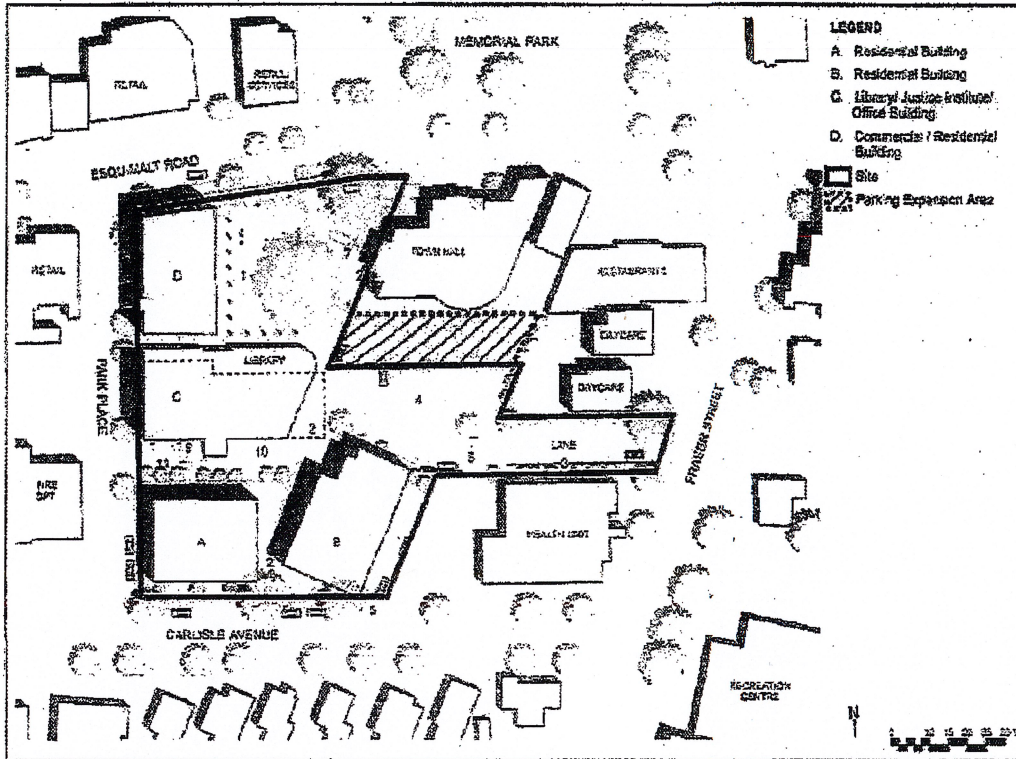
SITE TOTALS	Floor area (sf) as of April 25	Floor area (sf) suggested range	Residential Units	Parking Provided
TOTAL	137135	133900 - 155200	100-130	200-230

*Per Esquimalt Zoning Bylaw No. 2050 the following definition is used:
 "Floor Area" when used in reference to a floor or a Storey or Building means the entire Area which in plan is enclosed by the interior face of the exterior walls of the Storey or floor level. Floor Area excludes balconies, open decks, unenclosed porches or verandas, and Accessory Buildings. In multiple family residential Buildings, Floor Area excludes the Area of the floor or floors of any and all portions of the Building used or intended to be used for the parking or movement of vehicles, mezzanines, corridors, hallways, landings, foyers, staircases, stairwells, and elevator shafts.

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SCHEDULE D
PARKING EXPANSION AREA

SCHEDULE D: PARKING EXPANSION AREA



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SCHEDULE E

PHASED DEVELOPMENT AGREEMENT:

TOWNSHIP REQUIREMENTS AND OTHER PROVISIONS

1. The Library will be on the ground floor of Building C and will have an area not less than 10,000 gross square feet.
2. The ground floor of Building D will contain restaurant, café, or retail uses.
3. No building will be less than 4 storeys or more than 6 storeys.
4. The public plaza that is surrounded by Esquimalt Road, Building B, Building C, and the Town Hall will be not less than the area shown in Schedule A.
5. The general form and character of buildings, siting of buildings, general form and character of public spaces, and public access routes will be consistent with Schedule C.
6. There are features on the Site that the parties acknowledge to be important and that must be respected during the design, construction, and ongoing operation of the projects on the Site, as shown in Schedule B and listed below:
 - (a) Aragon will take all steps and precautions necessary to maintain the two oak trees in a healthy state.
 - (b) The HMCS Esquimalt Memorial will be retained in its present location and Aragon will take all steps and precautions necessary to protect it during construction.
 - (c) The Sailors' Walk Monument and the totem pole may be relocated and reinstalled in locations acceptable to the Township and Aragon. Aragon will pay the cost of relocation, will take all steps and precautions necessary to protect them during construction, and will be responsible for repairing any damage.
7. The phasing of construction will be at the discretion of Aragon, except for the commencement and completion of construction of the Library, as specified in the Library Construction Contract.
8. The Project will include the green building features as listed in Schedule E of the MOU.
9. After adoption of the Zoning Bylaw Amendment, Council may not downzone the Lands for a period of ten years.
10. The Purchaser must commence construction of
 - (a) the Library not later than May 18, 2017; and
 - (b) all of the other buildings described in the Development Concept not later than November 18, 2017.

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failing which the Vendor may in its discretion elect to exercise an option agreement contained in the phased development agreement to reacquire any portions of the Lands that at the time of the exercise has not been developed or partially developed with a building shown in the Development Concept for the pro-rated Purchase Price.

11. The Purchaser must complete construction of the Library not later than November 18, 2020.
12. Despite section 10(a) of this Schedule, the Purchaser shall not alter the Lands or commence construction of any improvements on the Lands until the Purchaser has
 - (a) provided evidence to the reasonable satisfaction of the Vendor that the Purchaser has sufficient equity, construction and take out financing and other resources to complete the entire Development Concept on the Lands;
 - (b) obtained a development permit and building permit for all of the improvements described in the Development Concept; and
 - (c) delivered to the Vendor executed construction contracts for all of the buildings described in the Development Concept, including firm start and completion dates for each of the improvements described in the Development Concept.

